

O&M Comparison of First Preference (FP) and Project Use Customers (using actual FY 2007 financial data)

	A	B	C	D	E	F	G	H
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4	For use in the Informal Rates Meeting, 10/30/08							
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6	Western Power System Expenses:							
7	Transmission expense - operation	\$ 11,608,175	1.28%	1	\$ 148,489			
8	Transmission expense - maintenance (includes anticipated expensed RRADs)	\$ 22,837,175	1.28%	1	\$ 283,427			
9	Power users accounting and collecting expenses	\$ 4,806,979	2.73%	4	\$ 117,652			
10	Power marketing and general power resources planning expenses	\$ 7,193,983	3.77%	5	\$ 271,522			
11	Sub-total Western O&M	\$ 46,046,313			\$ 831,100	\$ 46,046,313	4.94%	\$ 2,274,688
12	Sub-total Western CVP	\$ 1,706,331				\$ 1,706,331	4.94%	
13	Unfunded CSRS - Western Interle					\$ 193,274	4.94%	
14	Loss on Disposition of assets					\$ 102,130	4.94%	
15	Interle O&M					\$ 1,494,327	4.94%	
16	Total Western O&M	\$ 47,752,644			\$ 831,100	\$ 49,542,375		\$ 2,274,688
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18	Reclamation Expenses:							
19	Hydraulic Power Generation	\$ 24,940,734	3.96%	3	\$ 993,649			
20	Transmission Expense	\$ 312,658	3.98%	3	\$ 12,456			
21	Administrative & General Expense	\$ 282,510	3.98%	3	\$ 11,654			
22	Carriage System	\$ 5,048,392	3.98%	3	\$ 201,130			
23	Water Marketing	\$ 234,575	0.00%	6	\$ 28,037			
24	Reclamation's Scheduling Agent Cost (loads)	\$ 703,726	3.98%	3	\$ 28,037			
25	Reclamation's Scheduling Agent Cost Assoc with CVP Gen	\$ 31,532,595			\$ 1,246,925	\$ 31,532,595	4.94%	\$ 1,557,710
26	Sub-total USBR O&M	\$ 31,532,595			\$ 1,246,925	\$ 32,870,291	4.94%	\$ 1,557,710
27	Unfunded CSRS for Reclamation	\$ 31,532,595			\$ 1,246,925			
28	Total USBR O&M	\$ 31,532,595			\$ 1,246,925	\$ 32,870,291		\$ 1,557,710
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31	TOTAL O&M (Western & Reclamation)	\$ 79,285,239			\$ 2,078,025	\$ 82,412,666		\$ 3,832,398
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44	Notes:							
45	1/ Using Reclamation's O&M Sub Allocation Methodology (which is used for determining PU Costs)							
46	2/ To develop the FP use share, FP load and meter information was substituted for PU Load and meter information in the Sub Allocation.							
47	3/ This equates to the actual FP computed percentage for FY 2007.							
48	First Preference Customer formula = (PU load) / (CVP gen + Washoe gen + Lewiston gen + PU forward purchase) - PU load							
49	4/ To perform the comparison, all costs paid for by preference customers (such as Interle O&M, unfunded benefits and costs associated with the Loss of Disposition of Assets)							
50	that are NOT paid for by Project Use are zeroed out for this analysis.							
51	5/ If preference customers are interested in pursuing maintaining equity on these costs, they should discuss these line items with Reclamation for inclusion in future sub allocation methodologies.							

FP customers receive offsetting revenue benefits for several revenue streams. (PU does not receive any of these offsets.)

The largest offsets and most easily identifiable that are associated with O&M include:

CVP Transmission Revenues (PTP and NTS)

-PU Revenues

FP customers' share of these benefits for FY 2007 are calculated at 4.94% of the total.

OFFSETTING REVENUE CALCULATIONS:			
PTP	Total Offset Revs	FP Share of Offset	
NTS offset	\$ 7,030,800	\$ (347,322)	
	\$ 11,953,139	\$ (590,485)	
		\$ (937,807)	
	Subtotal (Adj w-CVP Xn offset)	\$ 2,894,591	
	PU Revenue offset (O&M ONLY)	\$ 16,498,366	\$ (815,019)
	Total Cost to FP (with Xn and PU Revenues)		\$ 2,079,572

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Other Costs/Revenues (besides O&M) and their allocation

For use at the 10-30-08 Informal Rates Meeting

Who is Paying for (Gross amts):

Description of Revenue or Expense (lined up by PRR category):	Project Use	Preference	Total	NOTES:
Project Repayment		\$ 8,200,000		
Interest		\$ 4,200,000		
Washoe		\$ 580,000		
PU Power Purchases	\$ 345,806	\$ 3,354,194	\$ 3,700,000	
CAISO Costs for SBA balancing (WSNR) (e.g. export TAC fees, import charges)		\$ 2,600,000		PU does not pay for this per the Sub Allocation Methodology
Other Expenses				
- HCA Costs	\$ 168,353	\$ 1,561,201	\$ 1,729,554	HCA costs for PU are allocated using Form. #1 (Rec'd O&M), but are paid in the Other Expense Category on Sub Allocation
- PACI Path Operator		\$ 729,167		
- COTP 27 MW (TANC Lease)		\$ 502,101		
- Trinity Assessment		\$ 468,992		Not paid through Sub Allocation
- CIRS PG&E Facility Charge (COTP)		\$ 18,528		DOE pays for over 75% (see offsetting revs below for CIRS)
- WECC dues		\$ 23,951		
- DOE's expenses associated with COTP O&M - CASH CALL		\$ 746,105		These charges are 100% pass thru to DOE (see offsetting revs below)
- CAISO Market & GMC Charges for NM Pseudo-Tie (WNML)		\$ 965,659		
- CAISO Market & GMC Charges for 2207A (WSLW) and WPUL - Expenses	\$ 381,091			GMC & FERC Fees - these costs are not present on PRR
- Gen. Dev. ass. with non-specific power purpose (Example forced outage)	\$ 3,336			
- Nimbus FH Charges	\$ 19,349			
- Resource Adequacy	\$ 8,288	\$ 63,304	\$ 71,592	PU portion is \$27K and FP portion is \$44K.
Transmission Expenses (Note 1)				
- WDT preference and PU (includes WDT admin fee) - Rev-Expenses	\$ 324,220	\$ -		
- HV/LV TAC from CAISO WPUL/WSLW Invoices	\$ 660,044			
- Wheeling for 2207A - Expenses	\$ 348,791			
- Amortization of San Luis Transmission	\$ 53,060			
- Amortization of New Melones Transmission	\$ 81,091			
Miscellaneous Revenues (offsetting revs):				
- SC/PM/VRC Revenues		\$ (1,752,775)		
- Ancillary Service Sales (IOA Members)		\$ (2,590,165)		
- PACI Revenues		\$ (2,046,080)		
- DOE's revenues associated with COTP O&M		\$ (746,105)		Offsetting revs from DOE for COTP O&M (see other expenses above)
- Facility use Charge		\$ (272,201)		
- Late Payment		\$ (147,252)		
- Whiskeytown		\$ (43,440)		
- Application Fee		\$ (7,000)		
- CIRS PG&E Facility Charge		\$ (12,351)		
- CVP S/T PTP		\$ (54,000)		
- Energy Unbanking		\$ (5,000,000)		Actual amt for FY 07 was \$9.8M, but for this analysis it was reduced to \$5M
- CVP NITS and PTP Offsetting revenues		\$ -	\$ (18,983,939)	CVP NITS and PTP 1/
TOTAL COST OF OTHER COSTS/REVS TO PU AND FP	\$ 2,393,430	\$ 11,341,832		

560,287 Cost to FP customers (4.94% of Total Cost)

SUMMARY OF PROJECT USE AND FIRST PREFERENCE COMPARISON

Source: From O&M Comparison Sheet
Source: From the above columns for Other Costs & Revenues

	Project Use	First Pref 4/	
PU's O&M	\$ 16,498,119	\$ 2,078,025	O&M cost (from sub Allocation)
Other costs	\$ 2,393,430	560,287	plus FP portion of Other costs and Revenues
	\$ 18,891,550	\$ 2,638,312	
	\$/MWh 15.24	16.19	\$/MWh

Based on:
Project Use Energy of 1,291,911 MWh
FP Load of 162,953 MWh

All

NOTES:
1/ These expenses are annotated on the Sub Allocation and paid for by PU, but are not listed on the PRR worksheet. Therefore they are 100% paid by PU customers.
2/ These offsets were already applied in the O&M portion of this comparison analysis. The offset was calculated as:
From the G&T PU and FP Comparison Model:

\$	11,953,139	NITS
\$	7,030,800	PTP (1.05)
\$	18,983,939	CVP Offsetting Rev

3/ FP 2007 Actual FP Calculated % was:

4.94%

4/ First Preference FY 07 Information:

\$2,524,319.10	Total FP Payments
162,953.00	Total FP Energy
4.94%	Actual FP %